

Wells Fargo Bank Northwest, N.A.

Blanding

MAC U1401-011

55 South Main

Blanding, UT 84511

435 678-2232

435 678-2082 Fax

Oct. 4, 2007

Attn: Jed Pearson, Minerals Surety Coordinator

Phone # 801-538-5382

1594 W N Temple

Suite 1210, Box 145801

Salt Lake City, Ut. 84114

This Letter is in regards to Kimmerle Mining LLC, Wells Fargo Bank has opened a CD in the amount of \$5900 on Oct. 2, 2007 account # _____ and we have put a hold on it for a mining Bond.

Thank You,

Luanna Black

Luanna Black

Wells Fargo Bank Personal Banker

PK
5/03/120

☒ APPROVED

RECEIVED

OCT 03 2007

DIV. OF OIL, GAS & MINING

Wells Fargo Bank Northwest, N.A.
Blanding
MAC U1401-011
55 South Main
Blanding, UT 84511
435 678-2232
435 678-2082 Fax

COVER / INSTRUCTION LETTER FOR JOINT CD'S

ATTACHMENT A

October 2, 2007

TO:
State of Utah, Division of Oil, Gas and Mining
1594 West North Temple
Salt Lake City, Utah 84112

AND

Bureau of Land Management (BLM)
UTAH STATE OFFICE
440 West 200 South Suite 500
Salt Lake City, Utah 84101

AND

United States Forest Service
MANTI LA-SAL OFFICE
599 W. Price River Dr.
Price, UT 84501

Attention: Mr. Jed Pearson, Minerals Surety Coordinator, 801538-5382

Bank name: Wells Fargo, Bank address: 55 South Main
Contact name: Luanna Black, Title: Loan Officer U1081
Phone: 435-678-2232, E-mail: luanna.l.black@wellsfargo.com

Subject: Reclamation Surety, Certificate of Deposit for Kimmerle Mining, LLC
Pine Ridge Mine Site, S/037/120, San Juan County, Utah, BLM Serial Number
UMC380050 – UMC380064, UMC379556 – UMC379558,

Certificate of Deposit no. _____, Principal Amount \$ < 5900.00 >.

This letter describes the mutually agreed upon instructions of the below signed parties to
Wells Fargo Bank ("Blanding"), regarding the control, redemption, and release of Bank's above described
certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation

RECEIVED

OCT 09 2007

DIV. OF OIL, GAS & MINING

funds for the Pine Ridge mine site ("Mine Site"), San Juan County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$5900.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division"), The Bureau of Land Management (BLM), and The United States Forest Service (USFS) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Kimmerle Mining an LLC but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining, the BLM (agency), and USFS (agency) and is subject to the terms and conditions described in this agreement. Bank hereby acknowledges the pledge of the aforesaid CD to the Division, the BLM, and the USFS and agrees to record the information in the bank's written and electronic records of book entry. Further, the bank acknowledges and agrees that it ~~shall~~ hold the moneys represented by the CD's as a custodian and agent for the Division and shall be liable to the Division for any and all losses to the principal amount of the aforesaid CD caused in any manner whatsoever during the terms of this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division. The Division may request CD information on an occasional basis. This letter grants approval by Kimmerle Mining, LLC for the bank to provide CD information to the Division any time an inquiry is made via telephone, email, or letter.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of Director of the Utah Division of Oil, Gas & Mining. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do

not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

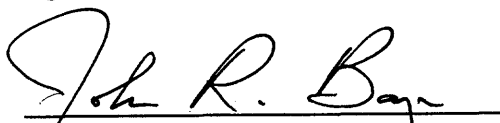
The Bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest. In the event of Bank cancellation/termination of the Certificate of Deposit, the Division may request a transfer or release of the certificate of deposit monies into a state managed cash account to assure or complete reclamation if the Operator does not replace the Certificate of Deposit within the ninety days of Bank cancellation/termination notice. If the Bank is under a forced cancellation/termination, the Bank agrees to transfer or release the CD funds to a state managed cash account at the Division's request.

Accrued Interest:

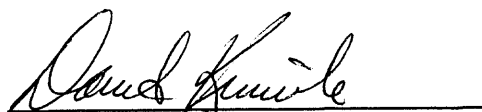
Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$5900.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:


John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: 10/15/07


David Kimmerle,
Kimmerle Mining, LLC

Date: Oct 2 2007

Tax ID Number: [REDACTED]

Luanna L Black

Date:

10/02/07

Luanna Black, Loan Officer
Wells Fargo